DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

Gavin Newsom ▪ Governor
1021 O Street, Suite 3110 ▪ Sacramento CA 95814 ▪ www.dof.ca.gov

October 23, 2026

Honorable John Laird, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Honorable Sabrina Cervantes, Chair
Senate Appropriations Committee

Honorable Buffy Wicks, Chair
Assembly Appropriations Committee

Section 28.00—Department of Health Care Services

Pursuant to the provisions of Section 28.00, Budget Act of 2026, the following report is respectfully submitted.

The Department of Finance has received the attached Section 28.00 application from the Department of Health Care Services (DHCS), for the purpose of increasing local assistance expenditure authority in Item 4260-115-0890 by $19,523,000 for Program 3960050—Other Care Services and Item 4260-001-0890 by $673,000 for Program 3960—Health Care Services. The increase is needed to expend the California 988 Suicide and Crisis Lifeline grant California awarded by the federal Substance Abuse and Mental Health Services Administration.

DHCS received official notification of the availability of additional, unanticipated funds on September 7, 2026 and notified Finance within 45 days of this date.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended to address behavioral health crisis through the 988 network, specifically to expand the crisis response workforce, support the growing 988 demand, and enhance public awareness – particularly among high-risk populations. These funds will also support individuals' connections with services such as mobile crisis outreach and crisis stabilization services.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.
- Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- Due to the September 29, 2027 federal expenditure deadline, the need exists to adjust the expenditure authority in the current fiscal year. Otherwise, the department could be at risk of not fully expending the federal funds.

Finance concurs with the necessity of this change to the approved budget. Finance respectfully requests an expedited review of the submission and a waiver of the 30-day waiting requirement.

If you have any questions or need additional information regarding this matter, please call Natalie Griswold, Principal Program Budget Analyst, at (916)445-6423.

JOE STEPHENSHAW
Director
By:



MICHELE PERRAULT
Chief Deputy Director

Attachment

cc: Honorable Dawn Addis, Chair, Assembly Budget Subcommittee No. 1
Honorable Caroline Menjivar, Chair, Senate Budget and Fiscal Review Subcommittee No. 3
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable David J. Tangipa, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Budget Director, Senate President pro Tempore's Office
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and Budget
Paul Dress, Chief of Staff, Assembly Republican Caucus
Nghia Nguyen, Chief of Staff, Assembly Republican Leader's Office
Jason Sisney, Budget Director, Assembly Speaker's Office
Mark McKenzie, Staff Director, Senate Appropriations Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Kim Johnson, Secretary, California Health and Human Services Agency
Corrin Buchanan, Undersecretary, California Health and Human Services Agency
Brent Houser, Deputy Secretary, Health and Human Services Agency
Erica Holmes, Assistant Secretary, Health and Human Services Agency
Michelle Baass, Director, Department of Health Care Services
Lindy Harrington, Chief Deputy Director, Department of Health Care Services
Lori Walker, Deputy Director & Chief Financial Officer, Department of Health Care Services
Paula Wilhelm, Deputy Director of Behavioral Health, Department of Health Care Services

STATE OF CALIFORNIA

BUDGET REVISION

STD. 26 (REV. 1/2023) **SEE SAM SECTION 6500, ET SEQ. FOR INSTRUCTIONS**

DEPARTMENT NAME	FUND	DOCUMENT NUMBER
4260 Department of Health Care Services	Federal Trust Fund	4260-6
		FISCAL YEAR 2026-27

SOURCE OF FUNDS	AMOUNTS AVAILABLE	INCREASE (+) OR DECREASE (-) REVISION REQUESTED	INCREASE (+) OR DECREASE (-) REVISION APPROVED (DEPT. OF FINANCE USE ONLY)
APPROPRIATION (List adjustments in detail):			
Item 4260-001-0890, Budget Act of 2026, Chapter 248, Statutes of 2026	664,717,000		
BR 4260-1, Section 8.50 and Section 28.00, Budget Act of 2026	1,229,000		
BR 4260-6, Section 8.50 and Section 28.00, Budget Act of 2026		673,000	
TOTAL (Must equal the NET APPROPRIATIONS TOTAL below)	665,946,000	673,000	
UNSCHEDULED APPROPRIATIONS:			
LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:			
(1) 3960-Health Care Services	665,946,000	673,000	
NET APPROPRIATION TOTAL	665,946,000	673,000	

PURPOSE OF REVISION *(List in detail, including workload, fiscal history on capitol outlay, and cross-reference supporting and related documents.)*

To schedule item; technical adjustment authorized under Section 28.00, Budget Act of 2026.

(for additional space, see reverse)

REQUESTED BY			RECOMMENDED BY *(Department)*		APPROVED BY *(Dept. of Finance)*	
NAME: Julie Kawaye			NAME: Raheem Muhammad-Terrell		NAME: Sabrina Adams	
TITLE: Supervisor II	DATE: 10/1/2026		TITLE: Budget Officer	DATE: 10/2/2026	TITLE: Staff Finance Budget Analyst	DATE: 10/16/2026

STATE OF CALIFORNIA

BUDGET REVISION

STD. 26 (REV. 1/2023) **SEE SAM SECTION 6500, ET SEQ. FOR INSTRUCTIONS**

DEPARTMENT NAME	FUND	DOCUMENT NUMBER
4260 Department of Health Care Services	Federal Trust Fund	4260-5
		FISCAL YEAR 2026-27

SOURCE OF FUNDS	AMOUNTS AVAILABLE	INCREASE (+) OR DECREASE (-)	
		REVISION REQUESTED	REVISION APPROVED (DEPT. OF FINANCE USE ONLY)
APPROPRIATION (List adjustments in detail):			
Item 4260-115-0890, Budget Act of 2026, Chapter 19, Statutes of 2026	86,825,000		
BR 4260-5, Section 8.50 and Section 28.00, Budget Act of 2026		19,523,000	
TOTAL (Must equal the NET APPROPRIATIONS TOTAL below)	86,825,000	19,523,000	
UNSCHEDULED APPROPRIATIONS:			
LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:			
(1) 3960050 - Other Care Services	86,825,000	19,523,000	
NET APPROPRIATION TOTAL	86,825,000	19,523,000	

PURPOSE OF REVISION *(List in detail, including workload, fiscal history on capitol outlay, and cross-reference supporting and related documents.)*

To schedule item; technical adjustment authorized under Control Section 8.5 and 28.00, Budget Act of 2026.

(for additional space, see reverse)

REQUESTED BY		RECOMMENDED BY *(Department)*		APPROVED BY *(Dept. of Finance)*	
NAME: Julie Kawaye		NAME: Raheem Muhammad-Terrell		NAME: Sabrina Adams	
TITLE: Supervisor II	DATE: 10/1/2026	TITLE: Budget Officer	DATE: 10/2/2026	TITLE: Staff Finance Budget Analyst	DATE: 10/16/2026

STATE OF CALIFORNIA
SECTION 28.00 APPLICATION
DF-90

Please report dollars in thousands.

Department of Finance
915 - L Street
Sacramento, CA 95814
IMS Mail Code: A-15

DEPARTMENT	ITEM NO./ FISCAL YEAR	NOTIFICATION LETTER TO LEGISLATURE:
Department of Health Care Services	4260-115-0890 4260-001-0890 /2026-27	☐ 30-DAY NOTICE ☒ REQUEST WAIVER OF 30-DAY NOTICE

PROGRAM TITLE PER GOVERNOR'S BUDGET:
3960050 Other Care Services

FUNDING (SPECIFY FUND)	CURRENTLY BUDGETED	REQUESTED CHANGE (+) OR (-)	TOTAL
Federal Trust Fund 4260-115-0890	86,825	+19,523	106,348
Federal Trust Fund 4260-001-0890	665,946	+673	666,619

(Check appropriate boxes)

- ☒ The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- ☒ The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- ☒ Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- ☒ The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- ☒ This application is provided to Finance within 45 days of official notice of receipt of funds.
- ☐ Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- ☒ A copy of the official notice of fund availability is attached to this application.
- ☒ One-time expenditure.
- ☐ Ongoing commitment from this source (if checked, explain under Program Proposal).
- ☐ Matching funds required (if checked, explain under Program Proposal).
- ☐ Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

PART A: For what purpose will the funds be expended?

This Control Section 28.00 request seeks to increase authority for Fiscal Year (FY) 2026-27 in item appropriation 4260-115-0890 and 4260-001-0890, encompassing both local assistance and state operations. The purpose of this increase is to support the implementation and administration of the California 988 Suicide and Crisis Lifeline grant, which has been awarded by the Substance Abuse and Mental Health Services Administration (SAMHSA).

The 988 grant funds will be used to address behavioral health crisis through the 988 Suicide and Crisis Lifeline, specifically to expand the 988 crisis workforce to ensure capacity to meet growing 988 demand. The funding will also support the development and expansion of key partnerships and protocols to sustain and improve California's system of crisis care response.

PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:

The funds are needed in FY 2026-27 to support the continued growth and improvement of the California 988 network. This network provides essential crisis services to individuals at high-risk suicide, operating 24 hours a day, 7 days a week, 365 days a year. Services include suicide risk screenings and assessments, de-escalation, and connecting individuals to appropriate community resources, including mobile crisis and crisis stabilization services.

Delaying this funding until FY 2027-28 would undermine the intended use of these federal funds and be noncompliant with Federal award deadlines and requirements. A delay could jeopardize California's 988 grant, resulting in unspent funds being returned to SAMHSA. This would hinder the Department of Health Care Services' (DHCS) ability to expand service capacity and create significant barriers to the provision of critical services, which could ultimately lead to preventable loss of life.

PROGRAM PROPOSAL (Attach additional information as necessary)

TITLE:	**STATUTORY AUTHORITY:** (state, federal, as appropriate)
CALIFORNIA 988 SUICIDE AND CRISIS LIFELINE	Section 520E-3 and Sec 520A of the PHS Act (42 U.S.C 290bb-36c)

DESCRIPTION:

California's priority for this grant is to sustain and improve the California 988 network by expanding the workforce and response to growing call, chat, and text demand; thereby increasing access to the behavioral health crisis care system in California and improving outcomes for high-risk populations.

DHCS has the following goals for this grant:

1) Recruit, hire, and train the behavioral health workforce to staff California's 988 Crisis Centers to increase the capacity to respond, connect to ongoing services, and provide follow-up to individuals experiencing a behavioral health crisis.
2) Enhance coordination between 988 Crisis Centers, 911, mobile crisis services, and Tribes and Tribal organizations across California.
3) Improve technology and cybersecurity measures.
4) Develop protocols to sustain and improve crisis response.

JUSTIFICATION:

Based on current volume growth assumptions for 988 calls, chats, and texts (collectively referred to as “contacts”), and related 988 Crisis Center staffing level recommendations, without this requested funding, DHCS projects a shortage of funding necessary to support anticipated 988 contact volume in FY 2026-27. Compounding the natural growth of 988 activity, DHCS anticipates a substantial increase in 988 contacts because of national and state media campaigns. Additional growth will occur as 988 is further integrated into the behavioral health crisis of care continuum, and ongoing work related to 911 and 988 interoperability improves the ease of transfer of callers from 911 to 988. Expansion of chat/text services is also expected to contribute to increased growth.

The grant opportunity will aid in reinforcing the 988 network's presence throughout California by funding efforts to support coordination of behavioral health services, creating project sustainability, and fostering further partnerships. These grant funds will support critical functions and activities necessary for the successful administration of the California 988 network.

Additionally, as part of the Federal Terms and Conditions noted in the Notice of Grant Award, "HHS requires recipients to draw down funds within the first 30 days of the period performance to indicate acceptance of the award. If the recipient fails to draw down funds or provide an acceptable written justification for the delay within this 30-day period, SAMHSA may take action to amend or withdraw the award offer."

SUBMITTED BY:		APPROVED BY DEPARTMENT OF FINANCE:	
BUDGET OFFICER: Raheem Muhammad-Terrell	DATE: 10/2/2026	DATE SUBMITTED TO LEGISLATURE: October 23, 2026	
DIRECTOR: for Michelle Baass Lindy Harrington	DATE: 10/9/2026	PPBA: Natalie Griswold	DATE: 10/16/2026